# extendicare ltd. annual report 1981

# Extendicare Ltd.

Extendicare Ltd. has grown to become one of the largest professional managers of health care and other related services in North America. Incorporated in 1968, principally to engage in the ownership and management of nursing centres, the company's health care services have expanded to include hospital management, diagnostic services, home care, personal medical security and industrial health care services.

In addition, through acquisition, Extendicare has significantly broadened the scope of its activities to provide a diversified range of management services to individuals and business in the areas of insurance and financial services, and data processing.

Extendicare's common and Class A shares are listed on the Toronto and Montreal Stock Exchanges. At December 31, 1981, there were 15,278,761 common shares outstanding, held by a total of 1,369 shareholders, and 5,432,394 Class A shares, held by a total of 1,417 shareholders.

## CORPORATE INFORMATION

### Corporate Office

One Yonge Street, Suite 700
Toronto, Ontario, M5E 1E5
Telephone: (416) 361-0572
Telex: 065-24027

### Auditors

Thorne Riddell
Chartered Accountants

### Bankers

Bank of Montreal

### Legal Counsel

Aird & Berlis
Toronto, Ontario

### Exchange Listing

The Toronto Stock Exchange
Montreal Stock Exchange

### Registrar and Transfer Agent

Montreal Trust Company
Toronto, Montreal,
Vancouver and Calgary

# Financial Highlights

| | Year Ended December 31 1981 | 1980 |
|---|---|---|
| Revenue from health care operations | **$131,991,000** | $ 90,096,000 |
| Earnings from operations | **13,150,000** | 13,915,000 |
| Share of earnings of Crown Life Insurance Company | **25,137,000** | 3,549,000 |
| Net earnings | **28,931,000** | 8,644,000 |
| Investment in Crown Life Insurance Company | **187,075,000** | 166,760,000 |
| Property and equipment | **89,809,000** | 55,663,000 |
| Total assets | **313,283,000** | 247,512,000 |
| Non-current liabilities | **65,707,000** | 36,425,000 |
| Shareholders' equity | **217,080,000** | 191,578,000 |
| Earnings per share | | |
| Class A | **$ 1.48** | $ 1.23 |
| Common | **$ 1.38** | $ 1.13 |
| Dividends per share | | |
| Class A | **$ 0.40** | $ 0.40 |
| Common | **$ 0.30** | $ 0.30 |
| Book Value per share | **$10.48** | $ 9.34 |
| Shares Outstanding | | |
| Class A | **5,432,394** | 4,728,966 |
| Common | **15,278,761** | 15,773,689 |

## Annual Meeting

The Annual Meeting of Shareholders will be held at 10:30 a.m. on Thursday, April 29, 1982 at the corporate headquarters of Crown Life Insurance Company, 120 Bloor Street East, Toronto, Ontario.

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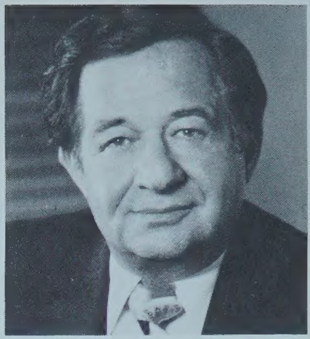
# To our Shareholders:

H. Michael Burns,
Chairman of the Board
and Chief Executive Officer



Harold L. Livergant,
President
and Chief Operating Officer

Despite an uncertain and recessionary economic climate, 1981 has been a rewarding year for Extendicare Ltd. Not only are the Company's service operations relatively resistant to the current difficult business climate, there are opportunities for growth.

The beneficial impact of our 1980 investment in Crown Life Insurance Company became very apparent in our financial results for 1981 — the first full year in which Crown Life contributed to earnings.

Net earnings for the year ended December 31, 1981 totalled $28,931,000, up substantially from the $8,644,000 recorded in 1980. Earnings per share for the year, on an increased number of shares outstanding, were $1.48 on the Class A and $1.38 on the common, compared to $1.23 on the Class A and $1.13 per common share a year ago.

The contribution to total earnings from Crown Life amounted to $25,137,000 including a $13,061,000 gain on foreign currency exchange and other unusual items in 1981. In 1980, Crown Life contributed $3,549,000 to earnings, based on Extendicare's 35% ownership position from October 8 to November 19, 1980, and our 92.1% ownership position thereafter.

Revenue from health care operations, which includes nursing centres, diagnostic services, health care management services and home care, increased to $131,991,000 in 1981 from $90,096,000 in 1980. The increase is attributable mainly to the acquisition of 16 additional nursing centres (1,440 beds) in Canada and the United States. Extendicare now operates a total of 76 nursing centres in North America.

Costs associated with our acquisitions and the marketing and development expenditures incurred in the introduction of ProtectAlert had a negative impact on earnings from operations, which declined marginally to $13,150,000 from $13,915,000 in 1980.

Crown Life's subsidiary, Datacrown Inc., has continued to show very favourable growth in 1981, doubling its earnings to $3.9 million. The difficult economic climate has impressed upon a wide range of businesses the bottom line benefits of efficient shared data processing.

Like all prudently run businesses, Extendicare is concerned about the outcome of a number of developments which add to the current climate of uncertainty and economic stagnation. Our health care operations will continue to be more dependent on demographic rather than economic factors and, in that regard, the "Greying of North America" as it has been called, presents a positive long-term outlook for our health care service businesses. By the year 2000, there will be more than 15 million people over the age of 65 in North America. Ten years after that, the post-war baby boom generation will be retirees.

Extendicare is monitoring the outcome of discussions at the political level in North America which could have a major effect on how the needs of that large aging population are met. We believe that it is vitally important for governments in both Canada and the United States to seriously question whether reductions in health care funding transfer payments between the federal and provincial or state levels could not seriously damage the quality of health care services available at all levels. This is of particular concern with respect to the large proportion of elderly whose incomes are very vulnerable to inflation.

Throughout 1981, Extendicare has acted upon its continuing policy of sound acquisition in those growing segments of our basic service businesses, improving and upgrading existing operations and continuing to expand into areas of activity which are complementary to our basic operations.

In particular, the concept of centrally managed health care facilities — whether they be hospitals, nursing centres, home care services or any of the other medical services which will continue to be needed and demanded — is one which will gain an increasing level of acceptance by governments and Councils of Health throughout the 80's. In that respect, Extendicare's long experience and expertise in the central management of health care facilities position the Company very strongly.

In addition to our large operations in health care, insurance and data processing services, Extendicare has from time-to-time made smaller investments in other complementary services areas, the most publicized of which has been our activity in the communications and advertising field. Late in 1981, the Company acquired a 42% interest in Cockfield Brown Inc. Although we were not successful in gaining control of this company, we continue to hold this position as an investment. Extendicare also holds significant interests in two other Toronto-based advertising agencies, The Jerry Goodis Agency Inc. and Barbary Communications Inc.

During the year, Extendicare was fortunate in being able to welcome the following new members to our Board of Directors: Mr. Robert A. Bandeen, Mr. Marsh A. Cooper, Mr. Robert J. Deyell and Mr. George A. Fierheller.

In closing, we are extremely pleased to welcome Ennia N.V. of The Hague, the third largest insurance company in The Netherlands, as partners and significant equity investors in Extendicare. Under the terms of agreements announced March 18, 1982, Ennia, and certain Luxembourg investors, will acquire a 21.8% interest in Extendicare through a series of transactions worth approximately $79 million to Extendicare. The agreements provide that Ennia will not own more than 23% of the voting securities of Extendicare and that our current principal shareholders, Kingfield Investments Limited of Toronto and Scotia Investments Limited of Hantsport, Nova Scotia will continue to maintain their leading role as combined holders of 32% of Extendicare's voting securites.

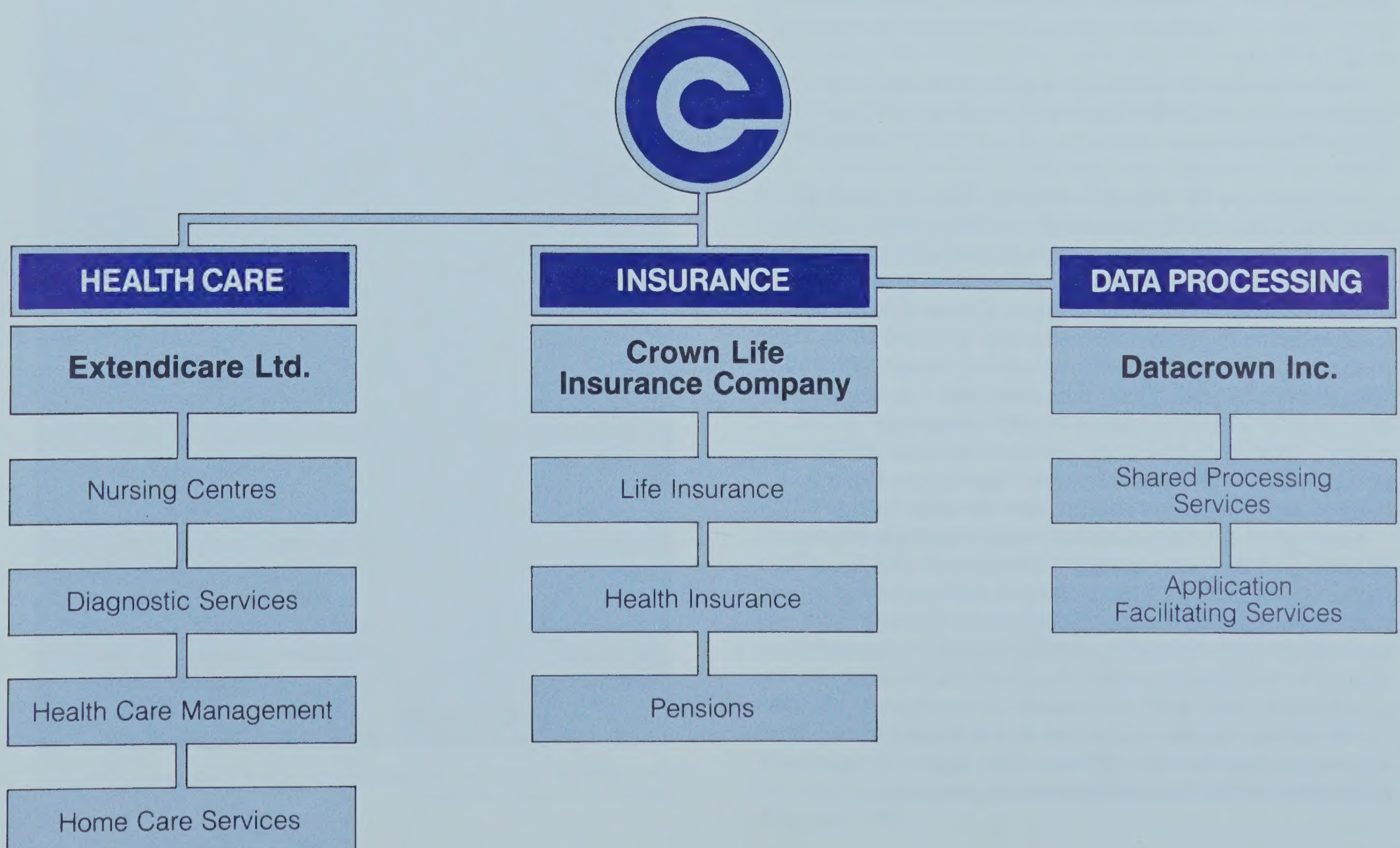
Ennia's main business is in life and general insurance in Europe, the Middle East, North Africa, the United States, Spain and the Caribbean. We are confident that this new association will yield substantial benefits to Extendicare, Crown Life and Ennia with the opportunity for significantly expanded scope in the insurance and financial services sector on an international basis.

Chairman of the Board and
Chief Executive Officer

President and
Chief Operating Officer

March 19, 1982

# Corporate Organization



# Review of Operations

Extendicare has grown over the last several years to become one of the largest professional managers of health care services in North America. With the acquisition in 1980 of 92.1% of the shares of Crown Life Insurance Company, together with its subsidiary Datacrown Inc., Extendicare significantly broadened the scope of its activities to provide a diversified range of management services to individuals and business, principally through three operating lines: insurance and financial services, health care and computer services.

## Crown Life Insurance Company

Extendicare's acquisition of Crown Life in 1980, which added to its health care services activities the complementary areas of pensions, life and health insurance on an international scale, has proven to be very successful. During 1981, Crown Life continued to broadly expand its activities, and achieved record levels of sales, revenues and service to clients. By year-end, Crown Life's assets had grown to $2.83 billion.

Consolidated revenue for 1981 exceeded $1.1 billion, including premium income at an all-time high of $946 million. Of this total, health insurance premiums accounted for $355 million, life insurance premiums for $364 million and annuity premiums for $227 million. Investment and other income amounted to $214 million.

Amounts paid or credited to policyholders and beneficiaries, another important measure of Crown Life's effectiveness, totalled a record $912 million in 1981.

Net earnings for the year totalled $49.2 million, up from the $38.3 million recorded in 1980. Net earnings for 1981 include unusual items of $25.4 million, consisting primarily of a one time gain of $35 million flowing from the change in Crown Life's foreign currency rates of exchange, and a $10 million charge resulting from a strengthening of Group annuity policy contract liabilities. Earnings attributable to shareholders in 1981 were $27.3 million, including $14.2 million from unusual items, compared to 1980 shareholders' earnings of $23.9 million, including $1.4 million from unusual items.

Earnings from consolidated insurance operations totalled $19.8 million in 1981, down from $33.8 million in 1980. Decreased 1981 earnings reflect a number of factors including higher dividend payments to participating policyholders, increased losses in the Group health line, and the statutory strain associated with increased annuity sales.

The Group health insurance line suffered a significant loss in 1981. Crown Life, together with the rest of the industry, continues to experience unsatisfactory results under Group medical coverages in the United States. Spiralling medical costs, hospital "cost shifting" from the public sector to private carriers, and intense pricing competition all contributed to the difficulties in this sector during 1981. However, future earnings are expected to benefit from trimmed costs, the introduction of strong controls and the innovative re-design of certain products. Premium rates throughout the industry have increased to more appropriate levels.

In the annuity lines of business, statutory accounting requirements necessitate the establishment of actuarial liabilities larger than the premiums received. Thus the strong sales growth in these lines caused a "statutory strain" which exceeded the profit from existing business, resulting in reported "losses" in both the Individual and Group annuity lines. These "losses" will be recovered in future years as the actuarial liabilities are released.

On the positive side, the Individual life, Group life and Individual health lines all contributed satisfactory earnings.

Earnings from non-consolidated subsidiary companies doubled to $4 million in 1981, reflecting

One of North America's largest insurers, Crown Life serves five million individuals worldwide.

strong earnings from Datacrown Inc. Datacrown's operations are described more fully on page 8 of this report.

It should be noted that Crown Life comparative figures for 1980 have not been restated to reflect the changes in foreign currency rates of exchange which took effect on January 1, 1981.

During the year Crown Life recorded several significant developments, particularly in the expansion of its real estate investments, international insurance operations and reinsurance operations.

Expansion of Canadian real estate investments included the purchase and construction of industrial and residential buildings in Edmonton and Toronto, while demolition and excavation work was completed on the site of the Company's new $45 million office complex in downtown Toronto.

In addition, Crown Life announced the purchase, for $21.9 million, of a 70,000 square foot land assembly on the southeast corner of Bloor and Church streets in downtown Toronto, which could accommodate a major development complex. With this acquisition, Crown Life now owns three of the four corners of this major downtown Toronto intersection.

A model of "One-Sixty Bloor Street East", Crown Life's $45 million office complex on Bloor Street East in downtown Toronto. The project is scheduled for completion in the third quarter of 1983.

In the United States during 1981, Crown Life developed the Maryland computer facility for its subsidiary company Datacrown Inc., which subsequently purchased this facility.

Crown Life's status as a major international life insurer was enhanced by the formation of new subsidiary life insurance companies in Jamaica and New York State.

Significant growth was achieved in Crown Life's other international operations, particularly in the United Kingdom and the Caribbean. In the United Kingdom subsidiaries, premium income increased 56% and total assets grew by 41%. Four new United Kingdom sales offices were opened, increasing the total number of offices to 35. In Crown Life (Caribbean) Limited, earnings from operations exceeded expectations for the fourth consecutive year, with life insurance sales increasing by more than 51%.

Among all the Canadian direct-writing life insurance companies Crown Life has, for many years, had the largest professional reinsurance operation. In 1981 Crown Life recorded reinsurance sales of $910 million, up 42% from 1980. By the year-end Crown Life served approximately 300 reinsurance client companies worldwide.

Crown Life and its insurance subsidiaries now serve 5 million individuals through 249 offices worldwide. During 1981, Crown Life again demonstrated its strength in the international marketplace with 72% of its total premium income generated outside Canada. The United States continues to represent the largest single market, accounting for 54% of the total premium income. Canadian business accounted for 28% of the total, while the remaining 18% came from overseas operations.

In Canada, certain proposals contained in the November 12, 1981 Federal Budget would, if passed, have serious implications for those Canadians purchasing life insurance and annuity contracts and those who have private health and dental plan coverage. Strong public and industry representations have been made to the government in this regard, and until the extent of any modifications to the budget's proposals are known, it is difficult to assess the potential impact of new regulations on Crown Life's Canadian business.

Because a large portion of Crown Life's business is done internationally, Extendicare is optimistic about the prospects for continued growth and profitability in Crown Life's operations in 1982. The resurgence of sales experienced by Crown Life in the latter part of 1981 shows every indication of continuing and building throughout the coming year, as the public's desire for increasing financial security through the provision of pensions, life and health insurance coverage continues to increase. In this regard, Crown Life expects to capture an increasing share of the markets in which it operates through 1982.

## Health Care Services

Extendicare operates in four principal areas of health care services in North America and other areas of the world. Its largest health care segment consists of 76 nursing centres in Canada and the United States. In addition, Extendicare owns and operates diagnostic services; provides health care management services in Canada and Internationally; and, through its Amicare division, provides professional and para-professional staff for home and institutional care, personal security and medical alarm services. Revenue from health care services totalled $131,991,000 in 1981, up from the $90,096,000 recorded in 1980, the largest single-year growth in the division's twelve year history. Most of this increase was attributable to growth in the Nursing Centre operations which contributed revenue of $110,325,000 compared to $70,341,000 a year ago.

## Nursing Centres

Extendicare owns and operates for its own account, and manages for others, a total of 76 nursing homes in Canada and the United States. During 1981, 15 nursing centres were acquired in Canada and one in the U.S.

In Canada the company now owns and operates 36 nursing centres and manages an additional four; in the United States the company owns and operates 34 centres and manages an additional two.

At the end of 1980, the company operated for its own account a total of 6,050 beds; by the end of 1981, this total had risen to 8,443 with an average occupancy percentage of 96.4% on 2,694,000 available patient days.

Extendicare now provides nursing centre services in six out of the ten Canadian provinces and in five states. It has continued to enhance its managerial expertise in the nursing centre area, and provides a broad range of resident services in its centres.

The demographic realities of the North American population indicate that although only approximately 9% of the total population is now over the age of 65, by the year 2000 this figure will have increased by approximately 40% when more than 15 million people will be over the age of 65. By continuing to provide well managed, full-service health care to elderly persons not in need of more costly and specialized hospital care, Extendicare is well positioned to meet the challenge and provide the desired services to a larger aging population. The company intends to continue its expansion in the nursing centre area through 1982.

In addition to the provision of high quality nursing centre services, Extendicare is expanding its residential operations into the provision of luxury retirement accommodation. The first full complex of this type, The Gibson, in Toronto, is scheduled to open in mid 1982, and additions have been completed at two Ontario nursing centres devoted to full-amenity retirement accommodation. The company plans further projects of this type as the needs of the population and desirable opportunities present themselves.

## Diagnostic Services:
### Clinical Laboratories

Extendicare provides diagnostic services through the operation of laboratories in the Metropolitan Toronto area and in the State of Delaware. The laboratories offer a broad range of clinical services, including medical testing of specimens of patients referred by physicians, hospitals, public health institutions, and industrial companies.

In Canada, Extendicare operates seven laboratories, and five specimen collection stations in the Toronto area. These laboratories are regulated by the provincial government, which grants licences based on various factors, such as public need, suitability and operating competence of the licence holder, and the suitability of the operator's equipment and premises for the performance of tests.

Although most of Extendicare's United States diagnostic business is conducted within the State of Delaware, where its central diagnostic laboratory, located in Wilmington, is the largest in the State, it is also licensed to handle inter-state diagnostic laboratory testing.


Extendicare provides a broad range of diagnostic services through its clinical laboratories.

### Multiphasic Screening

Through United Health Maintenance Inc., a wholly owned subsidiary, Extendicare operates a fleet of 25 mobile multiphasic screening and health testing units in the United States servicing employee health care and industrial medical and safety needs. Together these companies provided more than 70,000 screenings in 1981.

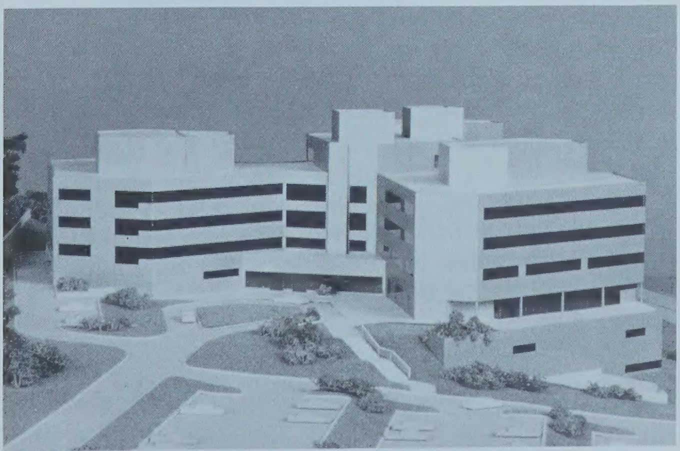
Multiphasic screening offers the possibility of early detection of medical problems, through a comprehensive group of tests and laboratory procedures, with emphasis on preventative health care. This service is encouraged by health professionals as it can reduce the number of patient days spent in health care institutions.

Screening contracts are negotiated primarily with unions and employers, and ordinarily span a term of one to three years.

## Health Care Management

Extendicare has provided the benefits of centralized management to the operation of nursing centres for more than a decade. In the last few years, this concept has expanded into the management of hospital facilities. In Canada, it is the practice for hospitals to be owned by non-profit organizations; however, the benefits to patient care and the cost effectiveness of centralized management of hospital facilities is gaining a wider appreciation in the Canadian health care community. In this regard, Extendicare continues to successfully manage two chronic care hospitals in Saskatchewan with a total of 220 beds.

Internationally, an agreement was entered into in 1981 with Saudi Arabian principals to explore and develop heath care ventures in the Middle East and Europe. Construction was completed on the 215-bed Polyclinique active treatment hospital in Abidjan in the Ivory Coast, which is expected to be fully operational under Extendicare's long-term central management in September, 1982.



A model of the 215-bed Polyclinique hospital in Abidjan in the Ivory Coast, Africa which will come under Extendicare's long-term central management in 1982.

The Ivory Coast project has generated a great deal of interest in other African nations which are looking at the benefits of centralized hospital management. Extendicare intends to pursue its growth in this area and expects to secure additional long-term health care management contracts in 1982.

## Amicare Division:

### Para-Med

Para-Med is a nursing and special care service, available on a 24-hour, 7-day a week basis, for people in private homes and in health care institutions, providing care ranging from light housekeeping and shopping to medication and special treatments, on an emergency or ongoing basis. Para-Med also supplies temporary professional staff to relieve institutions and clinics during a crisis or peak case load period.

Opportunities for home care are growing steadily in Canada.

By the end of 1981, Para-Med had expanded from five owned and operated branches to ten, with the addition of Sarnia, Calgary, Edmonton, Vancouver and Montreal to the original base. A major source of future growth was undertaken through the development of a new franchise system. Six of these franchises were opened in Ontario by December 31, 1981.

Opportunities for home care are growing steadily in Canada, as both provincial and municipal governments recognize the value of more flexible and less expensive alternatives to institutional health care. As the provincial health care bills mount, increased funding will be made available for non-institutional care for patients whose needs do not require expensive hospitals or other institutions, or who may choose to be treated at home.

## ProtectAlert

The ProtectAlert concept, relatively new in Canada, was introduced by Extendicare during late 1980.

This emergency service is activated by a small, wireless transmitter used within the home. The transmitter activates a base unit which automatically dials the 24-hour response centre where a pre-arranged, personalized list of people will be contacted immediately after a checkup call is made to the user.

Toronto Star Photo

ProtectAlert is a personal security and medical alarm service providing assistance on an around-the-clock basis.

This revolutionary new service has only been actively marketed in Ontario and British Columbia in 1981. At least 85 percent of current users of the ProtectAlert service have an existing medical condition. Of these, most are women over the age of 65. The remaining users are more concerned with security protection.

The initial response to ProtectAlert has been encouraging and Extendicare expects continued growth in this area.

## Datacrown Inc.

As part of the investment in Crown Life, Extendicare acquired an interest in Crown's ownership of approximately 85% of the common shares and all the preferred shares of Datacrown Inc., one of North America's leading computer service companies. The company, founded ten years ago on the principle that a shared resource of advanced computer technology would be more beneficial to large organizations than in-house computers, provides shared processing services to a broad range of clients including corporations, government agencies and public institutions.

Datacrown Inc. continued to achieve significant growth in 1981. Revenue increased by 26% to $86.2 million, up from $68.6 million in 1980, with net income almost doubling to $3.9 million.

The company's range of clients, in terms of both location and type of business, broadened further during the year. In addition, many long term clients renewed their contracts. This trend reflected a growing recognition of the virtually indispensable role of computing in today's business environment, and the important role of the computing services industry in meeting the data processing needs of both the private and public sectors.

Datacrown completed its first decade of operation by bringing on line its third Systemcenter, near Washington, D.C. Added to the company's existing computing centers in Toronto and Ottawa, this expansion will enable the company to plan for further significant growth, and to deliver a continued high level of service to clients in both Canada and the United States.

At the Toronto Systemcenter, the first IBM 3081 processor, the most powerful of IBM's computers, was installed in October. Datacrown completed a full year of operation with a common computing technology in all Systemcenters, while upgrading and enhancing operating software during 1981.


Datacrown provides Shared Processing services as an alternative to in-house computing.

While Datacrown Shared Processing remains the industry standard as an alternative to in-house computing, an increasing range of computing services for specific applications are being provided. The company's new Application Facilitating Services (AFS), on which development work was completed in 1981, is a new product line through which clients will be able to achieve more rapid development and implementation of new applications.

From the outset, Datacrown has been committed to maintaining a computing capacity sufficient to meet all the needs of its clients, with a reserve for future growth. The company continues to adhere to this policy.

Datacrown enters the second decade of its life at a time when data processing is dramatically changing business strategies throughout North America. With the proven experience of 10 years of successful growth behind it, Datacrown Inc. is uniquely qualified to assist its clients in improving their cost efficiency and productivity, through more effective computing.

# Financial Statements

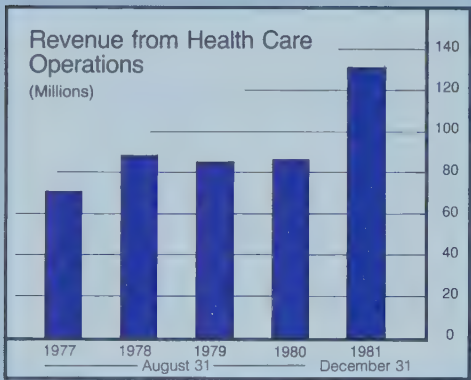
## Extendicare Ltd.

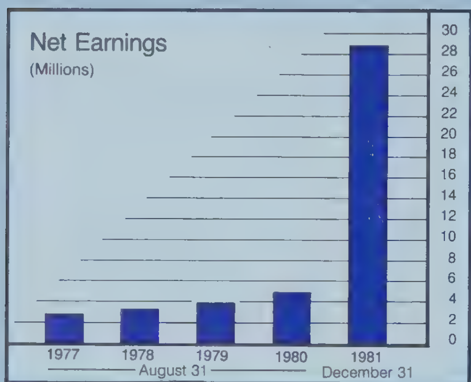


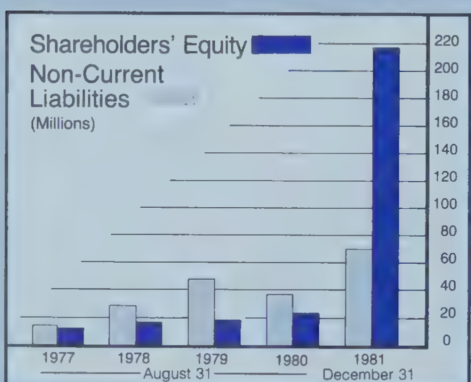
## Crown Life Insurance Company

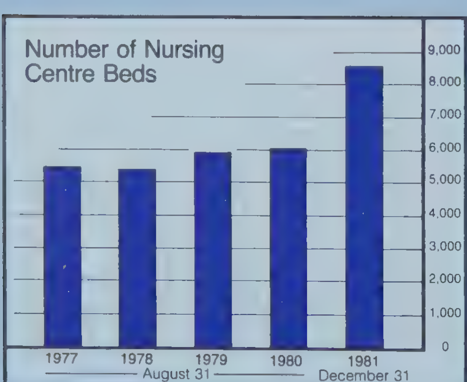
# Financial and Statistical Information

(Thousands of dollars)




| | Year ended December 31 1981 |
|---|---|
| **Operating Results** | |
| Revenue from health care operations | **$131,991** |
| Share of earnings of Crown Life Insurance Company | **25,137** |
| Earnings before extraordinary items | **28,931** |
| **Financial Position** | |
| Current assets | **22,483** |
| Current liabilities | **22,338** |
| Working capital (deficiency) | **145** |
| Investment in Crown Life Insurance Company | **187,075** |
| Property and equipment | **89,809** |
| Total assets | **313,283** |
| Non-current liabilities | **65,707** |
| Shareholders' equity | **217,080** |
| **Changes in Financial Position** | |
| Source of Funds | |
| Working capital derived from operations | **17,013** |
| Non-current liabilities assumed | **18,797** |
| Application of funds | |
| Additions to property and equipment | **13,397** |
| Reduction in non-current liabilities | **3,842** |
| **Per Share data (Dollars per share)** [2] | |
| Earnings before extraordinary items | |
| Common (before continuance) | |
| Class A | **$1.48** |
| Common | **1.38** |
| | **$2.86** |
| Dividends | |
| Common (before continuance) | |
| Class A | **$0.40** |
| Common | **0.30** |
| | **$0.70** |
| Book Value | |
| Class A and common [3] | **$10.48** |
| **Other Data** | |
| Shares outstanding (Thousands) | |
| Common (before continuance) | |
| Class A | **5,432** |
| Common | **15,279** |
| | **20,711** |
| Operational beds | **8,443** |
| Available patient days (Thousands) | **2,694** |
| Earned patient days (Thousands) | **2,598** |
| Occupancy percentage | **96.4%** |
| Number of employees | **13,100** |

(1) Represents share of earnings from October 8, 1980 at 35% ownership and November 19, 1980 at 92% ownership.

(2) On January 15, 1979, the Company was continued under the Canada Business Corporations Act. Each common share outstanding before continuance was subdivided into one non-voting Class A share and one convertible common share.

| Four months ended December 31 | Year ended August 31 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1980 | 1980 | 1979 | 1978 | 1977 | 1976 | 1975 | 1974 | 1973 |
| 30,875 | 86,595 | 85,321 | 87,321 | 71,174 | 53,893 | 48,959 | 34,340 | 14,092 |
| 3,549[1] | | | | | | | | |
| 5,130 | 4,812 | 3,904 | 3,233 | 2,764 | 2,249 | 1,901 | 1,318 | 945 |
| 14,553 | 17,670 | 15,350 | 17,954 | 15,761 | 11,473 | 11,395 | 10,734 | 2,501 |
| 15,562 | 15,096 | 10,276 | 14,800 | 14,432 | 10,003 | 10,638 | 9,346 | 3,226 |
| (1,009) | 2,574 | 5,074 | 3,154 | 1,329 | 1,470 | 757 | 1,388 | (725) |
| 166,760 | | | | | | | | |
| 55,663 | 53,907 | 53,486 | 43,358 | 41,414 | 28,634 | 29,794 | 26,403 | 22,921 |
| 247,512 | 79,081 | 77,551 | 70,105 | 64,952 | 46,523 | 45,980 | 41,933 | 28,747 |
| 36,425 | 37,119 | 43,483 | 34,050 | 33,671 | 22,559 | 24,040 | 23,564 | 21,010 |
| 191,578 | 22,926 | 19,703 | 18,041 | 13,767 | 11,424 | 9,258 | 7,646 | 3,868 |
| 3,446 | 7,701 | 7,172 | 5,509 | 4,762 | 3,548 | 3,693 | 3,171 | 2,471 |
| 501 | 129 | 7,340 | 2,820 | 4,679 | 1,401 | 2,373 | 4,420 | 4,429 |
| 2,102 | 2,070 | 2,840 | 2,837 | 1,727 | 1,484 | 1,651 | 1,960 | 3,745 |
| 1,614 | 6,323 | 4,561 | 3,429 | 5,331 | 3,614 | 3,213 | 4,426 | 1,624 |
| | | | $1.57 | $1.36 | $1.12 | $0.96 | $0.80 | $0.59 |
| $0.435 | $1.03 | $0.885 | | | | | | |
| 0.41 | 0.93 | 0.810 | | | | | | |
| $0.845 | $1.96 | $1.695 | | | | | | |
| | | $0.100 | $0.33 | $0.28 | $0.22 | $0.18 | $0.11 | $0.01 |
| $0.10 | $0.375 | 0.225 | | | | | | |
| 0.075 | 0.275 | 0.150 | | | | | | |
| $0.175 | $0.650 | $0.475 | | | | | | |
| $9.34 | $4.72 | $4.07 | | | | | | |
| | | | 2,173 | 2,049 | 2,025 | 1,998 | 1,988 | 1,614 |
| 4,729 | 2,930 | 2,830 | | | | | | |
| 15,774 | 1,923 | 2,015 | | | | | | |
| 20,503 | 4,853 | 4,845 | | | | | | |
| 6,050 | 6,038 | 5,945 | 5,438 | 5,455 | 3,368 | 3,519 | 3,141 | 2,684 |
| 738 | 2,192 | 2,071 | 2,011 | 1,782 | 1,230 | 1,202 | 1,146 | 809 |
| 707 | 2,109 | 2,001 | 1,902 | 1,708 | 1,200 | 1,160 | 1,037 | 726 |
| 95.8% | 96.2% | 96.6% | 94.6% | 95.8% | 97.5% | 96.5% | 90.4% | 89.7% |
| 11,000 | 5,700 | 5,600 | 5,100 | 5,000 | 3,200 | 3,000 | 2,600 | 2,000 |

(3) Amount represents total shares outstanding divided into shareholders' equity.

**extendicare ltd.**

**(Incorporated under the laws of Canada)**

# Consolidated Balance Sheet

(Thousands of dollars)

## Assets

| | December 31 1981 | 1980 |
|---|---|---|
| **Current** | | |
| Cash | $ — | $ 376 |
| Accounts receivable | 14,531 | 11,259 |
| Income taxes recoverable | 2,975 | — |
| Inventories | 1,539 | — |
| Supplies and prepaid expenses | 3,438 | 2,918 |
| | 22,483 | 14,553 |
| **Investments** | | |
| Crown Life Insurance Company (note 3) | 187,075 | 166,760 |
| Other investments (note 4) | 3,397 | 2,226 |
| | 190,472 | 168,986 |
| **Property and equipment (note 5)** | 89,809 | 55,663 |
| **Other assets** | | |
| Loans and other amounts receivable (note 6) | 3,996 | 2,554 |
| Goodwill | 5,164 | 5,269 |
| Deferred charges (note 7) | 1,359 | 487 |
| | 10,519 | 8,310 |
| | $313,283 | $247,512 |

**Approved by the Board**

H M Burns
Director

H L Lwengart
Director

## Liabilities

| | December 31 1981 | 1980 |
|---|---|---|
| **Currrent** | | |
| Bank indebtedness (note 8) | **$ 4,515** | $ 956 |
| Accounts payable and accrued liabilities | **12,972** | 10,029 |
| Income taxes payable | **—** | 1,060 |
| Principal due within one year on non-current liabilities (note 8) | **3,676** | 2,528 |
| Deferred income taxes | **1,175** | 989 |
| | **22,338** | 15,562 |
| **Non-current liabilities (note 8)** | **65,707** | 36,425 |
| **Deferred income taxes** | **8,158** | 3,793 |
| **Minority interest** | **—** | 154 |

## Shareholders' equity

| | | |
|---|---|---|
| **Share capital (note 9)** | **176,235** | 173,314 |
| **Retained earnings** | **40,845** | 18,264 |
| | **217,080** | 191,578 |
| | **$313,283** | $247,512 |

# Consolidated Statement of Earnings

(Thousands of dollars except per share amounts)

| | Year Ended December 31 1981 | Four months ended December 31 1980 | Year ended December 31 1980 |
|---|---|---|---|
| | | | (unaudited) |
| Revenue from health care operations | **$131,991** | $30,875 | $90,096 |
| Earnings from operations | **$ 13,150** | $ 4,297 | $13,915 |
| Share of earnings of Crown Life Insurance Company and other equity investments | **25,028** | 3,549 | 3,549 |
| Investment income (including $738 gain on sale of investments in 1981) | **1,083** | 212 | 1,141 |
| | **39,261** | 8,058 | 18,605 |
| Interest | **7,058** | 1,440 | 4,745 |
| Income taxes | **3,272** | 1,488 | 5,216 |
| | **10,330** | 2,928 | 9,961 |
| Net earnings | **$ 28,931** | $ 5,130 | $ 8,644 |
| Earnings per share (note 10) | | | |
| Class A | **$1.48** | $.435 | $1.23 |
| Common | **$1.38** | $.41 | $1.13 |

# Consolidated Statement of Retained Earnings

(Thousands of dollars)

| | Year Ended December 31 1981 | Four months ended December 31 1980 |
|---|---|---|
| Balance at beginning of period | **$18,264** | $13,928 |
| Net earnings | **28,931** | 5,130 |
| | **47,195** | 19,058 |
| Dividends | **6,350** | 794 |
| Balance at end of period | **$40,845** | $18,264 |

# Consolidated Statement of Changes in Financial Position

(Thousands of dollars)

| | Year ended December 31 1981 | Four months ended December 31 1980 |
|---|---|---|
| **Working capital derived from** | | |
| Operations | | |
| Net earnings | **$28,931** | $ 5,130 |
| Items not involving working capital | | |
| Depreciation | **3,308** | 887 |
| Amortization | **428** | 72 |
| Non-current deferred income taxes | **4,365** | 95 |
| Undistributed share of earnings of Crown Life and other equity investments | **(19,868)** | (2,444) |
| Other | **(151)** | (294) |
| | **17,013** | 3,446 |
| Proceeds from sale of assets | **353** | 102 |
| Non-current liabilities assumed | **18,797** | 501 |
| Issue of shares | **2,921** | — |
| | **39,084** | 4,049 |
| **Working capital applied to** | | |
| Investment in Crown Life | **338** | 164,316 |
| Less issue of shares on acquisition | **—** | (164,316) |
| | **338** | — |
| Other investments acquired | **1,280** | 2,226 |
| Additions to property and equipment | **13,397** | 2,102 |
| Acquisitions (note 2) | **8,985** | — |
| Dividends | **6,350** | 794 |
| Reduction in non-current liabilities | **3,842** | 1,614 |
| Deferred development costs | **718** | — |
| Purchase of minority interest | **23** | 314 |
| Loans to officers | **2,656** | — |
| Other items | **341** | 582 |
| | **37,930** | 7,632 |
| **Increase (decrease) in working capital position** | **1,154** | (3,583) |
| **Working capital (deficiency) at beginning of period** | **(1,009)** | 2,574 |
| **Working capital (deficiency) at end of period** | **$ 145** | $ (1,009) |

extendicare ltd.

# Notes to Consolidated Financial Statements

## 1. Summary of accounting policies

The significant accounting policies of Extendicare Ltd. and its consolidated subsidiary companies are set out below. These policies are in accordance with generally accepted accounting principles and have been consistently applied.

### (a) Principles of consolidation

The consolidated financial statements include the accounts of all subsidiary companies other than Crown Life Insurance Company and its subsidiaries. Crown Life Insurance Company follows accounting practices prescribed or permitted by the Department of Insurance of Canada. These practices do not in all respects conform with generally accepted accounting principles. Therefore, a modified form of the equity method is used to account for this investment. Financial statements of Crown Life begin on page 22.

### (b) Foreign currency translation

Revenues and expenses of United States subsidiaries are translated at rates of exchange prevailing during the period. Assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Unrealized gains and losses arising on translation have been reflected in earnings.

### (c) Inventories

Inventories are valued at the lower of cost and replacement cost.

### (d) Property and equipment

Property and equipment is stated at cost less accumulated depreciation. Provisions for depreciation are computed by the straight line method and the declining balance method at rates based on the following estimated life expectancies:

| | | |
|---|---|---|
| Buildings | — | 20 to 40 years |
| Furniture and equipment | — | varying periods not exceeding 20 years |
| Leasehold improvements | — | the term of the applicable leases. |

### (e) Goodwill

Goodwill acquired subsequent to April 1, 1974 is amortized to earnings on a straight line basis over periods not to exceed forty years whereas goodwill acquired prior to that date is carried in the accounts at cost.

Goodwill is stated at cost less amortization.

### (f) Deferred charges

Revenues and operating expenses of newly constructed nursing centres are deferred until such time as they are deemed operational. They are deemed to be operational in the month during which revenues equal or exceed expenses or one year from the date revenue is first earned, whichever first occurs. Net amounts deferred are then amortized to earnings over three to five years on a straight line basis.

Revenues and operating expenses of new home care service branches are deferred to the date of formal opening. Deferred amounts are then amortized to earnings over a three year period on a straight line basis.

Certain development costs are deferred and are being amortized on a straight line basis over periods not to exceed five years.

Direct loan costs are amortized over the life of the related debt.

Deferred charges are stated at cost less amortization.

### (g) Income taxes

Deferred income taxes result from claiming depreciation and other items for tax purposes in amounts which differ from those recorded in the accounts and from filing certain United States federal income tax returns on a cash basis while the financial statements recognize revenues and expenses on an accrual basis.

(h) **Revenue**

The fees charged by the Company for its nursing centres and diagnostic services in Canada are regulated by provincial authorities, the majority of whom establish maximum fees chargeable by the industry.

The fees charged by the Company for its nursing centres in the United States include revenues resulting from residents participating in federal and state funded cost reimbursement programmes. These revenues are based on the approved prospective rates which were in effect from time to time during the period. Final cost settlement adjustments, if any, are recorded when objectively determinable.

(i) **Change in financial year and comparative figures**

The Company changed its financial year end to December 31 in 1980. An unaudited statement of income for the year ended December 31, 1980 has been prepared for comparative purposes.

The financial statements reflect the reclassification of certain items to conform to the 1981 presentation.

## 2. Acquisitions

In March, 1981 the Company acquired 12 nursing centres in Alberta, one nursing centre in Nova Scotia, one nursing centre in Quebec and one in British Columbia. Effective September, 1981 the Company acquired one nursing centre in Pennsylvania.

These acquisitions have been accounted for by the purchase method and earnings therefrom have been included from the dates of acquisition.

A summary of the assets acquired and the consideration given is as follows:

| | **Total** (Thousands of dollars) |
|---|---|
| Property and equipment acquired at fair value | $24,151 |
| Non-current liabilities assumed | 7,516 |
| Net assets acquired | $16,635 |
| Consideration | |
| Cash | $ 8,985 |
| Debt issued | 7,650 |
| | $16,635 |

## 3. Investment in Crown Life Insurance Company

The Company acquired 699,750 shares of Crown Life on October 8, 1980 and a further 1,141,336 shares on November 19, 1980. These acquisitions represented 92.1% of the outstanding shares of Crown Life. The Company's share of earnings of Crown Life is included from the effective dates of acquisition.

As at December 31, 1981 the Company owned 1,844,526 shares representing 92.2 percent of the outstanding shares of Crown Life.

The carrying value of the investment in Crown Life is less than the proportionate underlying equity in Crown Life which equity is comprised of non-participating reserves and surplus and shareholders' capital and surplus. Certain of these reserves and surplus balances are allocated to satisfy statutory requirements and are not presently available for distribution to shareholders.

Analysis of the investment is as follows:

| | **December 31** **1981** | 1980 |
|---|---|---|
| | (Thousands of dollars) | |
| Carrying value of investment (1980 — cost of shares acquired) | **$166,760** | $164,316 |
| Share of earnings (including $13,061 gain on foreign currency translation and other unusual items in 1981) | **25,137** | 3,549 |
| Dividends | **(5,160)** | (1,105) |
| | **19,977** | 2,444 |
| Cost of additional share investment | **338** | — |
| | **$187,075** | $166,760 |

## 4. Other investments

| | December 31 1981 | 1980 |
|---|---|---|
| | (Thousands of dollars) | |
| Investment in companies accounted for by the equity method | **$ 491** | $ — |
| Other investments, at cost (market value $2,808; 1980 — $2,250) | **2,906** | 2,226 |
| | **$ 3,397** | $ 2,226 |

Extendicare has agreed to provide up to $1,500,000 in bank guarantees for the bank indebtedness of one of its equity investments. At December 31, 1981 Extendicare had guaranteed approximately $893,000.

## 5. Property and equipment

| | December 31 1981 | 1980 |
|---|---|---|
| | (Thousands of dollars) | |
| Land | **$ 5,859** | $ 5,142 |
| Buildings | **72,112** | 49,275 |
| Furniture and equipment | **17,962** | 11,911 |
| Leasehold improvements | **755** | 611 |
| | **96,688** | 66,939 |
| Accumulated depreciation | **15,509** | 12,531 |
| | **81,179** | 54,408 |
| Construction in progress | **6,189** | 1,255 |
| Oil and gas properties | **2,441** | — |
| | **$89,809** | $55,663 |

On June 12, 1981 the Company entered into a joint venture arrangement to finance exploration and development activities of oil and gas prospects in the United States for one year. The Company follows the full cost method of accounting whereby all expenditures related to the exploration and development of oil and gas reserves are deferred.

## 6. Loans and other amounts receivable

| | December 31 1981 | 1980 |
|---|---|---|
| | (Thousands of dollars) | |
| Loans to officers and senior employees | **$ 3,340** | $ 684 |
| Amounts receivable and deposits | **541** | 949 |
| Mortgage receivable | **—** | 838 |
| Sundry, at cost | **115** | 83 |
| | **$ 3,996** | $2,554 |

The Company has made loans to officers and senior employees to purchase company shares and residental properties. The loans are non-interest bearing, repayable in installments with varying maturities to 1991, and are secured by these shares so purchased and mortgages on the properties.

## 7. Deferred charges

| | December 31 1981 | 1980 |
|---|---|---|
| | (Thousands of dollars) | |
| Development costs | **$ 694** | $117 |
| Other deferred charges | **665** | 370 |
| | **$ 1,359** | $487 |

In 1981, the Company charged to expense $796,000 in research and development costs related to the development of a personal security and medical alert system.

## 8. Bank indebtedness and non-current liabilities

| | December 31 1981 | 1980 |
|---|---|---|
| | (Thousands of dollars) | |
| **In Canadian Dollars** | | |
| Mortgages, 7 3/8% to 21% maturing through to 2007 | **$25,299** | $19,699 |
| Bank loans at interest rates varying with prime, maturing through to 1986 | **16,084** | — |
| Notes payable, 9% due 1985 | **7,650** | — |
| 8½% Sinking fund debentures, due 1984 | **873** | 1,158 |
| Promissory note | **300** | 26 |
| **In United States Dollars** | | |
| Mortgages, 6% to 15% maturing through to 2001 | **10,400** | 9,765 |
| Bank loans at interest rates varying with prime, maturing through to 1986 | **6,825** | 6,021 |
| Lease purchase and sales contracts, various rates to 9% maturing through to 1993 | **1,921** | 2,017 |
| Promissory notes | **31** | 267 |
| | **69,383** | 38,953 |
| Less principal due within one year and included in current liabilities | **3,676** | 2,528 |
| | **$65,707** | $36,425 |

The weighted average annual interest rate of all non-current liabilities is approximately 12%.

Bank loans in the amount of $6,784,000 are secured by collateral mortgages on three nursing centres. Remaining bank loans and bank indebtedness are secured by a general assignment of accounts receivable.

Principal payments on non-current liabilities due within the next five fiscal years after giving effect to renewal privileges are as follows:

| | (Thousands of dollars) |
|---|---|
| 1982 | $ 3,676 |
| 1983 | 18,560 |
| 1984 | 2,832 |
| 1985 | 11,586 |
| 1986 | 11,849 |

## 9. Share capital

The authorized capital of the Company consists of:

(i) preferred shares, issuable in series;

(ii) non-voting Class A shares, and

(iii) convertible common shares, convertible on a one for one basis into Class A shares.

The Class A shares entitle the holders thereof to non-cumulative dividends totalling 10¢ per share in each financial year of the Company in priority to any dividends on the common shares. The Class A shares and the common shares participate equally in all further dividends during the financial year.

A summary of transactions involving share capital is set out below:

| | Class A | | Common | |
|---|---|---|---|---|
| | Number | Amount (Thousands of dollars) | Number | Amount (Thousands of dollars) |
| January 1, 1981 | 4,728,966 | $24,286 | 15,773,689 | $149,028 |
| For cash including shares issued on exercise of options | 3,700 | 8 | 204,800 | 2,913 |
| On conversion of common shares | 699,728 | 6,615 | (699,728) | (6,615) |
| December 31, 1981 | 5,432,394 | $30,909 | 15,278,761 | $145,326 |

The details of the options outstanding and shares reserved under the Employee Stock Option Plans are as follows:

| | December 31, 1981 | |
|---|---|---|
| | Class A | Common |
| Shares under option | 75,200 | 82,900 |
| Shares available for option | 14,800 | 7,100 |
| Shares reserved under the Plans | 90,000 | 90,000 |
| Range of option prices | \$2.13 - \$15.50 | \$2.13 - \$15.25 |
| Various expiry dates to | November, 1991 | April, 1991 |

**10. Earnings per share**

The calculation of earnings per share gives effect to the preferential dividends paid to the Class A shareholders.

**11. Segmented information**

The Company considers nursing centres to be the dominant segment of its consolidated operations.

Revenue from health care operations for the year ended December 31, 1981 is \$131,991,000 and is represented by \$74,454,000 from Canadian operations, \$57,365,000 from United States operations and \$172,000 from general corporate revenue. Segmented earnings from operations amounted to \$8,538,000 in Canada and \$4,440,000 in the United States. Also, \$172,000 was earned in general corporate operations. The total assets of the Company are \$313,283,000 which represents \$76,962,000 as Canadian assets, \$38,275,000 as United States assets, \$10,971,000 as general corporate assets and \$187,075,000 as investment in Crown Life.

Revenue from health care operations for the four months ended December 31, 1980 is \$30,875,000 and is represented by \$17,782,000 from Canadian operations, \$13,033,000 from United States operations and \$60,000 from general corporate operations. Segmented earnings from operations amounted to \$3,050,000 in Canada and \$1,187,000 in the United States. Also, \$60,000 was earned from general corporate operations. The total assets of the Company are \$247,512,000 which represents \$40,766,000 as Canadian assets, \$34,372,000 as United States assets, \$5,614,000 as general corporate assets and \$166,760,000 as investment in Crown Life.

**12. Commitments**

(a) The Company has operating lease commitments with terms expiring up to 2062, exclusive of renewals. Rentals to be charged to earnings are as follows:

| | (Thousands of dollars) |
|---|---|
| 1982 | \$ 2,921 |
| 1983 | 2,787 |
| 1984 | 2,306 |
| 1985 | 2,169 |
| 1986 | 2,080 |
| 1987 and thereafter | 23,932 |

During the period ended December 31, 1981 rent expense of \$3,130,000 has been charged to operations.

(b) The Company has committed to use the services of Datacrown, Inc., a subsidiary of Crown Life, over a five year period. The commitment in fees of \$2,500,000 is at current market rates for normal service contracts.

(c) On June 5, 1981 the Company entered into an agreement providing for the development of a commercial real estate property by Caruscan Corporation, a company in which certain directors exercise significant influence. Construction commitments for the development of this property are expected to be finalized in March, 1982. Upon completion Caruscan will lease the property from the Company and Datacrown has agreed to rent a portion of the office space commencing in 1983.

**13. Contingent liabilities**

The Company and its consolidated subsidiaries are defendants in actions for damages and costs allegedly sustained by the plaintiffs. While it is not possible to estimate the outcome of the various proceedings at this time, where amounts have been specified in the actions the Company does not believe that it will incur any significant financial loss and, accordingly, no provision has been made in these financial statements in respect of any claim.

# Auditors' Report To the Shareholders of Extendicare Ltd.

We have examined the consolidated balance sheet of Extendicare Ltd. as at December 31, 1981 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Toronto, Canada
February 19, 1982

Thorne Riddell
**Chartered Accountants**

# Consolidated Balance Sheet

## Assets December 31, 1981

| | 1981 | 1980 |
|---|---|---|
| | $000 | |
| **Invested assets** | | |
| Bonds | **1,099,504** | 855,391 |
| Shares | **237,725** | 207,586 |
| Mortgages on real estate | **856,409** | 766,892 |
| Real estate | **70,513** | 64,473 |
| Loans on policies, secured by cash values | **252,990** | 184,731 |
| Equity value of non-consolidated subsidiary companies | **18,591** | 14,620 |
| Bank certificates of deposit | **79,549** | 25,538 |
| Cash | **8,608** | 6,737 |
| Other | **708** | 1,380 |
| Segregated investment funds | **71,707** | 82,556 |
| | **2,696,304** | 2,209,904 |
| **Other assets** | | |
| Outstanding premiums | **43,451** | 50,507 |
| Accrued interest | **44,480** | 35,401 |
| Recoverable advances to agents and general agents | **25,502** | 17,347 |
| Other | **24,665** | 16,297 |
| | **138,098** | 119,552 |
| | **2,834,402** | 2,329,456 |

**On behalf of the Board**

H W R Burns
Chairman

R C Dowsett
President

# Liabilities December 31, 1981

| | 1981 | 1980 |
|---|---|---|
| | $000 | |
| **Liabilities under policy contracts** | | |
| Amounts required, in addition to future premiums and interest, to provide for unmatured obligations under all policies in force | **1,980,098** | 1,570,106 |
| Policyholders' dividends and other amounts on deposit | **98,617** | 89,365 |
| Policy benefits in course of payment and provision for unpaid claims | **111,846** | 111,048 |
| Provision for next dividends payable to policyholders | **21,119** | 16,898 |
| Segregated fund liabilities | **71,707** | 82,556 |
| | **2,283,387** | 1,869,973 |
| **Other liabilities** | | |
| Bank indebtedness | **35,576** | 16,535 |
| Special reinsurance ceded agreements | **88,157** | 70,498 |
| Taxes payable | **8,420** | 8,410 |
| Other | **45,535** | 34,352 |
| | **177,688** | 129,795 |
| **Reserves, surplus and share capital** | | |
| Reserve for investment values and currency exchange | **55,000** | 15,000 |
| Reserve for excess of cash surrender values over policy contract liabilities | **82,893** | 72,463 |
| Reserve for non-Canadian additional statutory requirements | **54,000** | 36,019 |
| Reserve for Canadian additional statutory requirements | **6,800** | 8,300 |
| Reserve for value of miscellaneous assets | **40,849** | 25,379 |
| Reserve for specified contingencies | **2,780** | 2,780 |
| Reserve for general contingencies | **12,000** | 12,000 |
| Total reserves | **254,322** | 171,941 |
| General surplus in insurance funds | **114,779** | 154,095 |
| Share capital | **2,000** | 2,000 |
| Shareholders' account | **2,226** | 1,652 |
| | **373,327** | 329,688 |
| | **2,834,402** | 2,329,456 |

**The accompanying notes are an integral part of these Consolidated Financial Statements.**

# Consolidated Statement of Earnings

| Year Ended December 31, 1981 | 1981 | 1980 |
|---|---|---|
| | $000 | |
| **Revenue** | | |
| Life insurance and annuity premiums | **591,467** | 483,004 |
| Health insurance premiums | **354,616** | 328,770 |
| Investment income, net of related expenses of $8,340,000 (1980 $6,505,000) | **218,887** | 186,809 |
| Segregated funds investment income | **(8,049)** | 13,201 |
| Special reinsurance received agreements | **—** | 13,800 |
| Other | **3,240** | 2,398 |
| | **1,160,161** | 1,027,982 |
| **Amounts paid or credited to policyholders and beneficiaries** | | |
| Death and disability benefits | **123,151** | 113,555 |
| Health insurance benefits | **292,988** | 266,680 |
| Annuities | **29,494** | 26,391 |
| Maturities and surrenders of policies | **154,173** | 94,745 |
| Experience rating refunds | **6,967** | 12,438 |
| Special reinsurance ceded agreements | **12,581** | 77,670 |
| Dividends to policyholders | **28,256** | 21,555 |
| Interest on amounts on deposit and other liabilities | **18,925** | 11,810 |
| Increase in amounts required to provide for unmatured obligations on policies in force | **259,318** | 163,370 |
| Increase (decrease) in segregated fund liabilities | **(13,768)** | 14,185 |
| | **912,085** | 802,399 |
| **Expenses** | | |
| Life insurance and annuity expenses | **145,983** | 118,713 |
| Health insurance expenses | **66,425** | 59,904 |
| | **212,408** | 178,617 |
| **Earnings from consolidated insurance operations before taxes** | **35,668** | 46,966 |
| Premium and other taxes | **14,350** | 12,575 |
| Income taxes | **1,470** | 549 |
| **Earnings from consolidated insurance operations** | **19,848** | 33,842 |
| Gain on foreign currency translation and other unusual items | **25,408** | 2,518 |
| Earnings of non-consolidated subsidiary companies, after income taxes of $3,187,000 (1980 $2,083,000) | **3,983** | 1,986 |
| **Net earnings for the year** | **49,239** | 38,346 |

# Consolidated Statement of General Surplus

| Year Ended December 31, 1981 | 1981 | 1980 |
|---|---|---|
| | $000 | |
| General surplus in insurance funds, beginning of year | **154,095** | 88,774 |
| Net earnings for the year | **49,239** | 38,346 |
| | **203,334** | 127,120 |
| Transfer to (from) reserve for investment values and currency exchange | **40,000** | (8,500) |
| Transfer to reserve for excess of cash surrender values over policy contract liabilities | **10,430** | 4,335 |
| Transfer to (from) reserve for non-Canadian additional statutory requirements | **17,981** | (29,075) |
| Transfer to (from) reserve for Canadian additional statutory requirements | **(1,500)** | 800 |
| Transfer to reserve for value of miscellaneous assets | **15,470** | 4,047 |
| Transfer to (from) reserve for specified contingencies | **—** | (3,400) |
| Dividends to shareholders | **5,600** | 4,800 |
| Increase in shareholders' account | **574** | 18 |
| | **88,555** | (26,975) |
| **General surplus in insurance funds, end of year** | **114,779** | 154,095 |

# Analysis of Consolidated Net Earnings

| | Total | | Net earnings attributable to: Participating policyholders' account | | Non-participating and shareholders' account | | Statutory earnings per share | |
|---|---|---|---|---|---|---|---|---|
| **Year Ended December 31, 1981** | **1981** | 1980 | **1981** | 1980 | **1981** | 1980 | **1981** | 1980 |
| | $000 | | $000 | | $000 | | $ | |
| Earnings from consolidated insurance operations before policyholders' dividends | **48,104** | 55,397 | **39,053** | 35,302 | **9,051** | 20,095 | **4.53** | 10.04 |
| Dividends to policyholders | **(28,256)** | (21,555) | **(28,256)** | (21,555) | | | | |
| Transfer from participating account to shareholders' account | | | **(1,557)** | (1,134) | **1,557** | 1,134 | **.78** | .57 |
| **Earnings from consolidated insurance operations** | **19,848** | 33,842 | **9,240** | 12,613 | **10,608** | 21,229 | **5.31** | 10.61 |
| Gain on foreign currency translation and other unusual items | **25,408** | 2,518 | **11,233** | 1,094 | **14,175** | 1,424 | **7.08** | .71 |
| Earnings of non-consolidated subsidiary companies | **3,983** | 1,986 | **1,488** | 774 | **2,495** | 1,212 | **1.25** | .61 |
| **Net earnings for the year** | **49,239** | 38,346 | **21,961** | 14,481 | **27,278** | 23,865 | **13.64** | 11.93 |

Statutory earnings attributable to shareholders include a portion of the earnings of subsidiary companies, earnings of the non-participating life and health accounts, the shareholders' account and, as limited by law, the amount transferred from the participating policyholders' account to the shareholders' account. This transfer was based on 5% of distributed participating earnings.

# Notes to Consolidated Financial Statements

**1.** The accounting practices followed by the Company are prescribed or permitted by the Department of Insurance of Canada. The Company's significant accounting policies are as follows: —

(i) Consolidated financial statements include the operations and financial position of the Company's subsidiaries listed below: —

| | |
|---|---|
| Crown Life Assurance Company Limited | Crown Life Pensions Limited |
| Crown Life Management Services Limited | Coronet Properties Limited |

Datacrown Inc., the computer services subsidiary, and its subsidiaries have been shown on an equity basis as their accounts are not compatible with the accounting practices prescribed or permitted under the Canadian and British Insurance Companies Act.

The accounts of Crown Life (Caribbean) Limited, a Trinidad and Tobago subsidiary life insurance company, and the accounts of Crown Life Insurance Company (Jamaica) Limited, a Jamaican subsidiary life insurance company, have been shown on an equity basis due to requirements of these jurisdictions.

The values of assets and liabilities used to account for subsidiary companies are the values prescribed or permitted by legislation or regulation in the jurisdictions in which they are domiciled.

(ii) Foreign currencies are translated at book rates of exchange established by the Company. These rates are intended to approximate market values and are altered when a change has occurred which, in the opinion of the Company, will not be reversed in the short term. United States dollar items have been translated into Canadian dollars at $1.15 (1980 at $1.00) and Pound Sterling items at $2.50 (1980 at $2.00). Items in other foreign currencies have been translated into Canadian dollars at appropriate rates of exchange. If current rates of exchange had been used for all foreign currencies there would have been no material change to the general surplus in insurance funds.

The 1980 amounts have not been restated to reflect changes in the United States dollar and Pound Sterling currency exchange rates which became effective January 1, 1981. The changes resulted in a gain on foreign currency translation of $35,681,000, which, in accordance with accounting practices prescribed or permitted by the Department of Insurance of Canada, has been included in income.

(iii) Investment income includes: —

(a) Interest, dividends and rents.

(b) With respect to assets held for the life insurance business, a portion of the difference between cost and market value of shares and a portion of gains and losses realized on disposal of bonds, shares and mortgages.

(c) With respect to assets held for the health insurance business, all gains and losses realized on disposal of invested assets.

(d) With respect to the segregated investment funds and life insurance subsidiaries, all realized and unrealized capital gains and losses on invested assets.

(iv) The item gain on foreign currency translation and other unusual items consists of the following:—

| | 1981 | 1980 |
|---|---|---|
| | $ | |
| Gain on foreign currency translation due to a change in Company book rates of exchange — see note 1. (ii) | 35,681,000 | — |
| Additional amount to provide for unmatured obligations on policies in force | (10,000,000) | — |
| Write down of asset values | (1,086,000) | (120,000) |
| Realized gains on foreign currency transactions | 320,000 | 2,183,000 |
| Non-amortizable capital gains on disposal of assets held for the life insurance business — real estate | 427,000 | 385,000 |
| — other | 66,000 | 70,000 |
| | 25,408,000 | 2,518,000 |

(v) Income taxes are the aggregate of the amounts payable and recoverable based on the tax laws of each of the countries in which the Company does business. The provision is based on the taxes payable method which does not recognize the tax effect of timing differences between accounting earnings and taxable earnings.

(vi) Asset valuations are as follows: —

(a) Bonds, at amortized cost; including, for life insurance business, the deferred portion of realized gains and losses on disposals.

(b) Shares, at cost; including, for life insurance business, a portion of the difference between cost and market, and the deferred portion of the realized gains and losses on disposals.

(c) Mortgages, at outstanding principal balances; including, for life insurance business, the deferred portion of realized gains and losses on disposals.

(d) Real estate, at cost less encumbrances and accumulated depreciation.

(e) Segregated investment funds, at market values.

(f) Data processing equipment, which is included in other assets, at cost less accumulated depreciation.

(g) Recoverable advances to agents and general agents, at amounts due less allowance for doubtful recoveries.

(h) Furniture, fixtures and equipment, which are included in other assets, at cost less accumulated depreciation.

(vii) Valuation of liabilities under policy contracts: —

(a) Liabilities under policy contracts are the liabilities related to the payment after the valuation date of all matured and unmatured obligations under all policy contracts.

(b) Liabilities under policy contracts are determined using assumptions appropriate to the circumstances of the Company and the policies in force. The calculation assumes that the amount of acquisition expenses allowed by law is deferred and amortized over the premium paying period of the policies.

(c) When a policy provides for a cash surrender value higher than the amount held as a policy contract liability, surplus has been appropriated to provide a reserve for the difference.

**2.** The reserve for investment values and currency exchange provides $58,735,000 for book values of invested assets in excess of prescribed market values, less $3,735,000, the major portion of the net unrealized foreign exchange gains.

**3.** The reserve for non-Canadian additional statutory requirements provides $54,000,000 as an appropriation of surplus reflecting valuation requirements of non-Canadian jurisdictions for assets, liabilities and reserves where such requirements are different from the basis described in these notes.

**4.** The reserve for Canadian additional statutory requirements provides $6,800,000 as a supplementary appropriation of surplus within the health insurance account.

**5.** The reserve for value of miscellaneous assets is in respect of the Company and all of its subsidiaries, and includes: $25,502,000 recoverable advances to agents and general agents; $7,586,000 furniture and fixtures; $7,761,000 prepaid expenses and sundry receivables.

**6.** The reserve for specified contingencies provides $2,780,000 as additional group health insurance reserves.

**7.** The Company and its subsidiaries maintain a number of pension plans for their eligible employees. It is estimated that at December 31, 1981 these plans have unfunded liabilities of $8,880,000 (1980 $5,483,000), which are being amortized over varying periods in accordance with applicable governing legislation. Based on the payment of $1,016,000 made for 1981 (1980 $745,000), the average amortization period for these unfunded liabilities is approximately eleven years.

**8.** During the year: —

(a) The Company leased real estate and data processing equipment to Datacrown Inc. for an annual rental of $2,374,000 (1980 $2,338,000).

(b) The Company paid $7,249,000 (1980 $6,164,000) to Datacrown Inc. for computer services.

(c) The Company sold real estate to Datacrown Inc. for $11,058,000 on which the Company holds mortgages of $8,279,000, at market rates of interest.

**9.** The share capital authorized, issued and fully paid is 2,000,000 shares, par value $1 each.

**10.** Certain 1980 comparative figures presented in these statements differ from those shown in the 1980 Consolidated Financial Statements. These revisions have been made in order to reflect changes in the classification of certain items introduced by the Department of Insurance of Canada in 1981.

# Valuation Actuary's Report to the policyholders and shareholders

I have made the valuation of policy contract liabilities of Crown Life Insurance Company for its consolidated balance sheet as at December 31, 1981 and its consolidated statement of earnings for the year then ended. In my opinion, the valuation for Crown Life Insurance Company conforms to the Recommendations for Insurance Company Financial Reporting of the Canadian Institute of Actuaries.

In regard to the policy contract liabilities of the United Kingdom subsidiary insurance companies, I have relied upon the valuation made by the Appointed Actuary of the subsidiary companies.

In my opinion, the amount held for liabilities under policy contracts makes proper provision for the obligations payable in the future under the companies' policies, a proper charge on account of those liabilities has been made in the statement of earnings, and the amount of surplus reserved for the excess of cash surrender values over policy contract liabilities is proper.

Toronto, Canada
February 9, 1982

D.R. Johnston, F.S.A., F.C.I.A., M.A.A.A.
Vice-President and Director of Corporate Finance

# Auditors' Report to the policyholders and shareholders

We have examined the consolidated balance sheet of Crown Life Insurance Company as at December 31, 1981 and the consolidated statements of earnings and general surplus and the analysis of consolidated net earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1981 and the results of its operations for the year then ended in accordance with accounting practices described in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Toronto, Canada
February 9, 1982

Coopers + Lybrand

COOPERS & LYBRAND
Chartered Accountants

# Summary of Growth

| | 1981* | 1980* | 1979* | 1978* | 1977 | 1971 |
|---|---|---|---|---|---|---|
| **Revenue** | | | | $000 | | |
| Life insurance premiums | **363,893** | 317,313 | 285,556 | 247,842 | 226,810 | 111,207 |
| Annuity premiums | **227,574** | 165,691 | 141,558 | 110,711 | 93,399 | 27,930 |
| Health insurance premiums | **354,616** | 328,770 | 291,680 | 241,449 | 197,837 | 48,024 |
| Investment and other income* | **214,078** | 216,208 | 150,269 | 123,263 | 108,725 | 48,953 |
| | **1,160,161** | 1,027,982 | 869,063 | 723,265 | 626,771 | 236,114 |
| **Amounts paid or credited and expenses** | | | | | | |
| Life insurance and annuity amounts* | **569,838** | 492,566 | 395,607 | 337,597 | 302,260 | 125,633 |
| Health insurance amounts* | **313,991** | 288,278 | 253,921 | 197,908 | 166,715 | 41,361 |
| Dividends to policyholders* | **28,256** | 21,555 | 19,964 | 15,182 | 15,320 | 10,386 |
| Life insurance and annuity expenses* | **145,983** | 118,713 | 111,142 | 93,012 | 86,737 | 42,507 |
| Health insurance expenses* | **66,425** | 59,904 | 49,639 | 39,982 | 33,691 | 7,767 |
| **Taxes** | | | | | | |
| Premium and other taxes | **14,350** | 12,575 | 11,545 | 10,277 | 10,266 | 2,871 |
| Income taxes | **4,657** | 2,632 | 476 | 1,270 | 1,640 | 2,400 |
| | **19,007** | 15,207 | 12,021 | 11,547 | 11,906 | 5,271 |
| **Net earnings for the year*** | **49,239** | 38,346 | 41,550 | 35,267 | 10,830 | 3,205 |
| **Dividends to shareholders** | **5,600** | 4,800 | 3,600 | 2,870 | 2,640 | 1,320 |
| **Total assets*** | **2,834,402** | 2,329,456 | 2,031,888 | 1,761,880 | 1,556,271 | 809,597 |
| **Reserves, surplus and share capital** | | | | | | |
| Participating reserves* | **45,886** | 28,780 | 33,433 | 43,181 | 13,017 | 6,627 |
| Participating general surplus* | **87,762** | 82,907 | 63,773 | 38,816 | 15,085 | 22,250 |
| Non-participating reserves* | **208,436** | 143,161 | 170,301 | 124,922 | 23,087 | 15,088 |
| Non-participating general surplus* | **27,017** | 71,188 | 25,001 | 47,681 | 57,436 | 40,903 |
| Shareholders' capital and surplus | **4,226** | 3,652 | 3,634 | 3,592 | 3,569 | 3,405 |
| | **373,327** | 329,688 | 296,142 | 258,192 | 112,194 | 88,273 |
| **New business** | | | | | | |
| Individual life amounts | **4,327,687** | 3,390,029 | 2,854,479 | 2,617,389 | 2,525,777 | 1,052,861 |
| Group life amounts | **3,316,264** | 2,954,065 | 2,966,393 | 3,235,458 | 2,521,561 | 957,520 |
| | **7,643,951** | 6,344,094 | 5,820,872 | 5,852,847 | 5,047,338 | 2,010,381 |
| Annuity premiums, first year and single | **166,977** | 110,172 | 98,284 | 64,424 | 61,623 | 18,517 |
| Health premiums, first year | **63,492** | 62,720 | 59,978 | 48,442 | 44,333 | 14,551 |
| **Business in force** | | | | | | |
| Individual life amounts | **19,134,262** | 15,899,189 | 14,197,887 | 12,759,674 | 11,298,990 | 5,162,534 |
| Group life amounts | **21,931,447** | 19,507,668 | 19,609,637 | 17,135,076 | 14,701,673 | 4,242,628 |
| | **41,065,709** | 35,406,857 | 33,807,524 | 29,894,750 | 26,000,663 | 9,405,162 |
| Annuity liabilities* | **1,016,045** | 776,859 | 629,763 | 514,952 | 435,640 | 182,182 |
| Health total premiums | **358,590** | 333,649 | 296,586 | 245,698 | 201,578 | 48,854 |
| **Number of office staff** | **2,946** | 3,177 | 3,166 | 3,042 | 2,961 | 1,927 |
| **Number of sales offices** | **249** | 240 | 229 | 221 | 217 | 202 |

***Revisions in accounting practices distort comparison with pre-1978 figures.**

# Segmented Financial Data

## Consolidated Summary of Premiums Year Ended December 31, 1981

| | 1981 | | | | 1980 |
|---|---|---|---|---|---|
| | $000 | | | | $000 |
| | Canada | United States | United Kingdom & Other | Total | Total |
| **Individual life insurance** | | | | | |
| First year | 9,585 | 18,985 | 16,254 | 44,824 | 35,691 |
| Single | 1,548 | 3,763 | 18,836 | 24,147 | 24,430 |
| Renewal | 65,811 | 100,768 | 34,742 | 201,321 | 163,528 |
| | 76,944 | 123,516 | 69,832 | 270,292 | 223,649 |
| **Group life insurance** | | | | | |
| First year | 1,563 | 4,484 | 7,424 | 13,471 | 9,469 |
| Renewal | 33,071 | 38,763 | 8,296 | 80,130 | 84,195 |
| | 34,634 | 43,247 | 15,720 | 93,601 | 93,664 |
| **Individual annuity** | | | | | |
| First year | 1,467 | 3,383 | 5,544 | 10,394 | 7,236 |
| Single | 45,508 | 16,530 | 782 | 62,820 | 51,061 |
| Renewal | 3,144 | 4,461 | 5,434 | 13,039 | 10,180 |
| | 50,119 | 24,374 | 11,760 | 86,253 | 68,477 |
| **Group annuity** | | | | | |
| First year | 5,945 | 5,874 | 5,426 | 17,245 | 13,410 |
| Single | 25 | 75,900 | 594 | 76,519 | 42,748 |
| Renewal | 22,784 | 8,881 | 15,892 | 47,557 | 41,056 |
| | 28,754 | 90,655 | 21,912 | 141,321 | 97,214 |
| **Health insurance** | | | | | |
| First year | 6,928 | 31,515 | 24,727 | 63,170 | 62,563 |
| Renewal | 64,364 | 195,699 | 31,383 | 291,446 | 266,207 |
| | 71,292 | 227,214 | 56,110 | 354,616 | 328,770 |
| **Total premiums** | 261,743 | 509,006 | 175,334 | 946,083 | 811,774 |

## Consolidated Summary of New Business and Business In Force Year Ended December 31, 1981

| | 1981 | | | | 1980 |
|---|---|---|---|---|---|
| | $000 | | | | $000 |
| **New Business** | **Canada** | **United States** | **United Kingdom & Other** | **Total** | Total |
| Individual life amounts | **1,286,978** | **2,205,986** | **834,723** | **4,327,687** | 3,390,029 |
| Group life amounts | **805,575** | **2,368,278** | **142,411** | **3,316,264** | 2,954,065 |
| | **2,092,553** | **4,574,264** | **977,134** | **7,643,951** | 6,344,094 |
| Annuity premiums, first year and single | **52,945** | **101,687** | **12,345** | **166,977** | 110,172 |
| Health premiums, first year | **6,985** | **31,703** | **24,804** | **63,492** | 62,720 |
| **Business In Force** | | | | | |
| Individual life amounts | **6,596,024** | **10,102,336** | **2,435,902** | **19,134,262** | 15,899,189 |
| Group life amounts | **8,083,157** | **10,710,902** | **3,137,388** | **21,931,447** | 19,507,668 |
| | **14,679,181** | **20,813,238** | **5,573,290** | **41,065,709** | 35,406,857 |
| Annuity liabilities | **454,972** | **467,992** | **93,081** | **1,016,045** | 776,859 |
| Health total premiums | **72,233** | **228,370** | **57,987** | **358,590** | 333,649 |

New business and business in force has been reported on a gross basis (comprised of business written directly by the Company plus business reinsured from other companies).

## Analysis of Earnings from Consolidated Insurance Operations Year Ended December 31, 1981

| | Total | | Net earnings attributable to Participating policyholders' account | | Non-participating and shareholders' account | |
|---|---|---|---|---|---|---|
| | **1981** | 1980 | **1981** | 1980 | **1981** | 1980 |
| | $000 | | $000 | | $000 | |
| Revenue | **1,160,161** | 1,027,982 | **237,148** | 187,827 | **923,013** | 840,155 |
| Amounts paid or credited to policyholders and beneficiaries | **912,085** | 802,399 | **171,154** | 134,393 | **740,931** | 668,006 |
| Expenses and taxes | **228,228** | 191,741 | **55,197** | 39,687 | **173,031** | 152,054 |
| Transfer from participating account to shareholders' account | | | **(1,557)** | (1,134) | **1,557** | 1,134 |
| **Earnings from consolidated insurance operations** | **19,848** | 33,842 | **9,240** | 12,613 | **10,608** | 21,229 |

# Directors and Officers

## Directors

* **H. MICHAEL BURNS**
Chairman of the Board and
Chief Executive Officer;
Chairman of the Board,
Crown Life Insurance Company
Toronto, Ontario

* **DAVID J. HENNIGAR**
Vice-Chairman of the Board;
Atlantic Regional Director,
Burns Fry Limited
Bedford, Nova Scotia

* **HAROLD L. LIVERGANT**
President and Chief
Operating Officer
Toronto, Ontario

**ROBERT A. BANDEEN,** Ph.D.
President and Chief Executive Officer
Canadian National Railways
*Until March 31, 1982*
Montreal, Quebec

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Honorary Chairman,
Crown Life Insurance Company;
Honorary Chairman,
Burns Fry Limited
Toronto, Ontario

**H. HOYLE CAMPBELL,** M.D.
Surgeon
Inglewood, Ontario

**MARSH A. COOPER**
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M.A. Cooper Consultants Inc.
Toronto, Ontario

**ROBERT J. DEYELL**
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Burns Fry Limited
Toronto, Ontario

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President,
Crown Life Insurance Company
Toronto, Ontario

\+ **DAVID M. DUNLAP**
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Taper Manufacturing Limited
Kettleby, Ontario

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President,
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Stewart, MacKeen & Covert
Halifax, Nova Scotia

\+ **DERRIL G. McLEOD,** Q.C.
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Pedersen, Norman, McLeod & Todd
Regina, Saskatchewan

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Montreal, Quebec.

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**WINSTON LING**
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**GARY J. CHATFIELD**
President, Heath Care Division

**RICHARD A. GARDNER**
Executive Vice-President,
Health Care Division

**JACOB BIRBRAGER**
Senior Vice-President, Engineering,
Health Care Division

* Executive Committee Member
\+ Audit Committee Member

# Divisional Directory

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President

**RICHARD A. GARDNER**
Executive Vice-President

**JACOB BIRBRAGER**
Senior Vice-President,
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**CANADA**

**Nursing Centres**

**STEPHEN R. HAAS**
Assistant Vice-President

**WILLIAM V. MARDIMAE**
Assistant Vice-President,
Engineering

**PAUL A. RUSHFORTH**
Assistant Vice-President

**Diagnostic Services**

**DAWN J. JEFFERY**
Assistant Vice-President

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**OVERSEAS**

**Hospital Management Services**

**ROBERT J. BELL**
Vice-President

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## HOME CARE DIVISION

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**Para-Med Division**

**KEVIN G. ROXBY**
Vice-President and General Manager

**ProtectAlert Division**

**JUDITH A. BISHOP**
Vice-President, Marketing

**STEPHEN GOLDFARB**
Vice-President, Manufacturing

## HEALTH CARE DIVISION
### United States

**Nursing Centres**

**Medco Centers Inc.**

**JOHN A. MOODY**
President

**CHARLTON A. WOOD**
Vice-President, Operations

**ROBERT C. JOBES**
Vice-President, Corporate Development

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Evansville, Indiana, 47703, U.S.A.
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**Multiphasic Screening**

**United Health Maintenance, Inc.**

**MARY M. STRINE**
Vice-President and General Manager

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Columbia, Maryland, 21045, U.S.A.
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**Diagnostic Services**

**Professional Clinical Laboratories, Inc.**

**MICHAEL T. BALASSONE**
Manager of General Services
and Administration

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## INSURANCE

**Crown Life Insurance Company**

**ROBERT C. DOWSETT**
President

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## DATA PROCESSING

**Datacrown Inc.**

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President

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